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STATE AUDITOR'S  
REPORT ON CERTAIN ACTIVITIES  
OF THE  
HATFIELD HOUSING AUTHORITY  
OCTOBER 1, 1993 TO SEPTEMBER 30, 1994

GOVERNMENT DOCUMENTS  
COLLECTION

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**OFFICIAL AUDIT REPORT**

APR 28 1995

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## AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of the Hatfield Housing Authority. We examined selected financial and operational activities of the Authority for the period October 1, 1993 to September 30, 1994 to determine whether the Authority complied with applicable laws and regulations. Our audit was conducted in accordance with applicable generally accepted government auditing standards and, accordingly, included such audit procedures and tests as we considered necessary under the circumstances.

The purpose of our review was to determine whether:

1. Financial records were maintained in accordance with established regulations.
2. Housing programs were in compliance with specific rules and regulations.
3. The internal control structure was suitably designed and implemented to achieve the control objectives.
4. The Authority had satisfactorily addressed the issue noted in our prior audit report (No. 93-5005-2).

Based on our review, we have concluded that, during the 12-month period ended September 30, 1994, the Authority maintained its financial records in accordance with established regulations; complied with specific rules and regulations; and implemented and maintained an adequate internal control structure. However, as discussed in the Audit Results section, our follow-up review disclosed that the Authority has satisfactorily addressed the prior audit issue pertaining to the turnaround time frame for vacancies. Also, we noted that the Authority had not complied with the Executive Office of Communities and Development's Standards of Conduct and the Commonwealth's Uniform Procurement Act.



## AUDIT RESULTS

1. Status of Prior Audit Results

We conducted a follow-up review of the Hatfield Housing Authority's progress in addressing the issue noted in our prior audit report (No. 93-5005-2), which was a statewide audit reporting on various Local Housing Authorities throughout the Commonwealth. Our review disclosed that the Authority's Elderly Housing Program lost approximately \$4,818 in potential rental income during fiscal year 1992 because it had exceeded the Executive Office of Communities and Development's (EOCD) guidelines for filling vacated units.

Our follow-up audit revealed that potential rental income lost was reduced to \$693 during fiscal year 1994 as a result of the Authority's concerted efforts to fill vacant apartments more rapidly.

2. Noncompliance with EOCD's Standards of Conduct Regulations and the Commonwealth's Uniform Procurement Act

Our audit revealed that two payments totaling \$2,300 were made to the Authority's Chairman without the Authority's seeking oral or written quotations. The first payment of \$500 was for labor and materials to repair a fence; the second payment of \$1,800 was for installing door panels and cutting floor vents in 18 units.

Such payments are contrary to EOCD's Standards of Conduct for Public Officials and Employees of Housing and Redevelopment Authorities, as codified in 760 Code of Massachusetts Regulations (CMR) 32, and the Massachusetts General Laws, Chapter 30B, the Uniform Procurement Act. The 760 CMR 32.02(3) prohibits Authority officials or employees from having a financial interest in contracts with their agency. Chapter 30B, Section 4, of the General Laws requires written or oral quotations for the procurement of a supply or service





in amounts between \$1,000 and \$10,000, from no fewer than three persons customarily providing such a supply or service. The Executive Director stated that he thought quotations were not required for purchases under \$2,000. Because the Authority did not seek written or oral quotations, it cannot be assured that it received the highest-quality services at the lowest possible cost.

Recommendation: The Authority should ensure that all purchases of goods and services comply with the Commonwealth's Uniform Procurement Act. Also, the Authority should comply with EOCD's Standards of Conduct by ensuring that its officials and employees do not have a financial interest in Authority contracts.

Auditee's Response:

The Board was under the assumption that purchases or contracts over \$2,000 had to be bid on. The Board has agreed to ensure that all future purchases of goods and service will comply with the Commonwealth's Uniform Procurement Act, MGL Chapter 30B. The Authority will also comply with EOCD's Standards of Conduct by ensuring that all its officials and employees do not have a financial interest in any of its contracts.





